

# Rail Advisory Board

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## Virginia Railroad Association

Bob Bryant, Buckingham Branch Railroad



# Who We Are

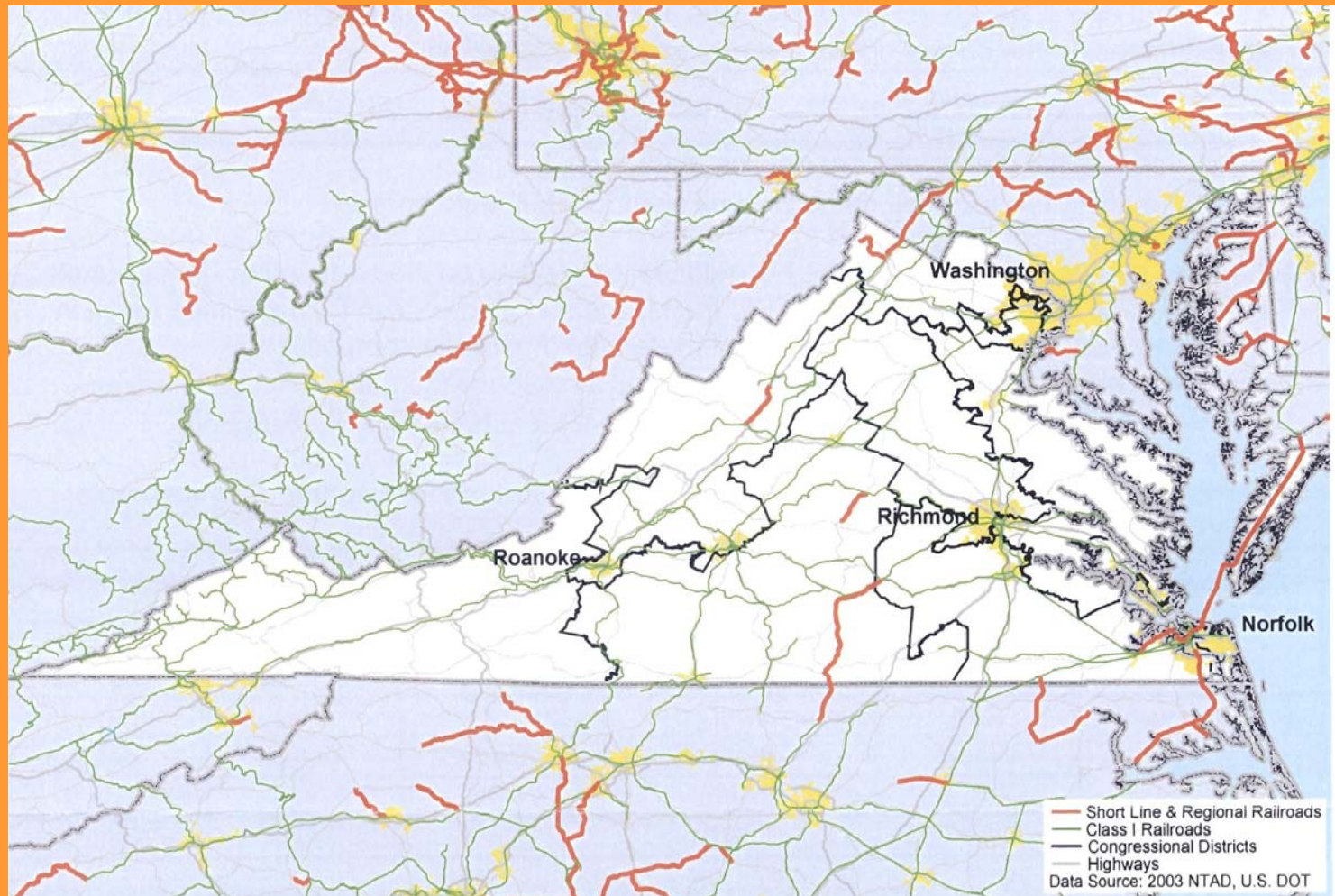
- An association dedicated to preserving and expanding freight rail as a viable transportation mode in the delivery of materials and products to and from businesses throughout the Commonwealth



# Ten Active Members

- Bay Coast Railroad
- Buckingham Branch Railroad
- Chesapeake & Albemarle Railroad
- Chesapeake Western Railroad
- Commonwealth Railway
- Norfolk & Portsmouth Beltline
- North Carolina & Virginia Railroad
- Shenandoah Valley Railroad
- Virginia Southern Railroad
- Winchester & Western Railroad

# Virginia Short-lines





## What are Short-line Railroads?

- Independent freight railroad companies that operate over a relatively short distance
- Operate over 600 miles of track in Virginia
- Serve more than 150 customers in Virginia
  - Customers served include small businesses and large corporations (ex. Ford, Perdue, BASF)
- Payrolls upward of \$8.5 M
- Annual operating costs upward of \$22 M
- Provide “last mile” connections



# What Short-lines Haul

- Crucial to industry and agribusiness, transporting commodities such as:

Peanuts

Printing ink

Fertilizer

Finished steel

Stone

Grain

Wood chips

Industrial sand

Corn

Soy

Lumber

Propane

Auto parts

Lime

Beer



## Public Benefits Offered by Short-lines

### 1. Provide Transportation Services for Economic Development

- Alternative overland service
- Access to distant markets for Virginia products
  - Ex., Short-lines enable Buckingham County to supply wood to North Carolina, South Carolina and Ohio





## Public Benefits Offered by Short-lines cont'd

### 1. Provide Transportation Services for Economic Development

- Bay Coast Railroad transports liquefied petroleum gas (LPG) that cannot be trucked across Chesapeake Bay Bridge Tunnel to three VA sites
  - Ex., This winter, BCR handled 166 tank cars of LPG which is equivalent to 600 tanker trucks
- Biagi Bros distribution center in Henrico County
  - Buckingham Branch delivers 50 cars/week for Corona
  - Competitive access to two Class I carriers made the difference in bringing center to Virginia





## Public Benefits Offered by Short-lines cont'd

### 2. Help reduce highway maintenance costs

- A typical 80,000 pound truck does damage equivalent to 9,600 automobiles
- One full railcar carries equivalent of 3- 4 truckloads
  - The diversion of a 40-car train could potentially result in road damage equal to traffic of over 1 million automobiles



## Public Benefits Offered by Short-lines cont'd

### 3. Help reduce highway congestion and enhance motorist safety

- A 40-car train equates to at least 120 truckloads off our roads
- I-81 was designed to carry 15% heavy truck traffic. Yet about 40% of vehicles using that corridor are heavy trucks



## Public Benefits Offered by Short-lines cont'd

### 4. Help reduce air pollution

- EPA estimates that for every ton mile a typical truck emits roughly three times more nitrogen oxides and particulates than a locomotive



## Public Benefits Offered by Short-lines cont'd

### 5. Help reduce dependence on foreign oil

- Offer a more fuel-efficient alternative
- If just 10% of freight currently moved by truck were diverted to rail, fuel savings would approach one billion gallons per year



# Challenges to Short-lines

## Funding

*Competition is good, fair competition is better*

- Must compete with trucks operating on public highway systems
- Must acquire or lease track, pay local property taxes and maintain their railways



# Challenges to Short-lines cont'd

## Funding

- Heavy on-going capital needs and increased maintenance costs are forcing some short-lines out of the market
- Difficult to qualify for federal railroad tax credits



# Challenges to Short-lines cont'd

## Funding

- Without funding from DRPT, short-lines would be unable to bear the entire infrastructure capital needs in serving 150+ customers throughout Virginia, including agribusiness, warehouses, manufacturing facilities, etc.

*Competition is good, fair competition is best*





# DRPT Rail Programs and Short-lines

- Three rail funding programs:
  - Rail Enhancement Fund
  - Rail Preservation Fund
  - Rail Industrial Access Fund
- In theory, short-lines benefit from all three programs
- In practice, short-lines receive the most benefit from Rail Preservation Fund and Rail Industrial Access Fund



# **DRPT Rail Programs and Short-lines cont'd**

- Strong competition for Rail Enhancement Fund money
- Rail Preservation Fund receives \$3 million annually, unchanged for many years, while short-line trackage in Virginia has doubled
- Rail Industrial Access Fund and Road Access programs share \$5.5 million annually for access to industrial commercial sites



# Future of Short-lines in Virginia

- Heavier railcars threaten short-line viability
- More money is needed to adequately fund rail maintenance and construction projects essential to supporting increased rail traffic in Virginia
- Failure to maintain and upgrade short-line infrastructure will bring more heavy trucks to our highways, secondary roads and city streets



# **Future of Short-lines in Virginia cont'd**

- Short-line railroads are a viable component in Virginia's overall transportation network.
- Our future is exciting because the need for our service is clear. We accept the risk and the challenge, but we need basic support to compete with other publicly assisted modes of transportation.

# Virginia Railroad Association

Phil Light, President

Gale Wilson, Secretary

Larry Lemond, Treasurer

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